

## Message Text

CONFIDENTIAL

PAGE 01 QUITO 05155 022157Z

ACTION ARA-14

INFO OCT-01 ISO-00 SAB-02 L-03 EB-08 CIAE-00 DODE-00

INR-07 NSAE-00 PA-01 USIA-06 PRS-01 SP-02 PM-05

NSC-05 SS-15 OMB-01 TRSE-00 /071 W

-----051711 022205Z /70

P R 022030Z AUG 77

FM AMEMBASSY QUITO

TO SECSTATE WASHDC PRIORITY 5267

INFO AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY LIMA

AMEMBASSY PANAMA

AMEMBASSY SANTIAGO

AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 5155

E.O. 11652: GDS

TAGS: PBOR PN EC

SUBJ: GOE REACTION TO CANAL NEGOTIATIONS

REF: STATE 178801

1. CHARGE AND POLCOUNS CALLED ON HERNAN VEINTIMILLA, DIRGEN OF FONOFF'S BUREAU OF POLITICAL AFFARIS, ON AUGUST 1 TO, INTER ALIA, UPDATE HIM ON PANAMA CANAL NEGOTIATIONS, DRAWING UPON INFO IN REFTEL.

2. FOLLOWING OUR PRESENTATION, VEINTIMILLA EXPRESSED SATISFACTION THAT NEGOTIATIONS SEEMED TO BE REACHING CONCLUSION AND THAT THORN IN THE SIDE OF US-LATIN AMERICAN RELATIONS MIGHT SOON BE REMOVED. AT SAME TIME, HE SAID THAT HE WOULD BE LESS THAN CANDID IF HE FAILED TO REGISTER ECUADOR'S CONCERN ABOUT THE POSSIBILITY OF A SHARP RISE IN CANAL TOLLS AS A RESULT OF NEW TREATY. HE NOTED THAT MUCH OF ECUADOR'S TRADE IS SHIPPED  
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THROUGH CANAL AND APPRECIABLE RISE IN TOOLS COULD AFFECT BOTH ECUADOR'S COMPETITIVENESS IN FOREIGN MARKETS AND PRICE OF IMPORTED GOODS. RECOGNIZING SIGNIFICANTLY US DESIRE TO KEEP TOLLS TO MINIMUM AND PANAMA'S DESIRE TO EXTRACT MAXIMUM, HE WAS INTERESTED IN DETAILS OF TOLL-SETTING MECHANISM UNDER NEW DIRECTION CONCEPT WHEREIN PANAMA WOULD HAVE MINORITY VOICE. A DISCUSSION ENSUED REGARDING THE RELATION AMONG THE

PAYMENTS TO BE MADE TO PANAMA TOLLS, AND THE INFLUENCE THAT  
PAYMENTS PROBLEM MIGHT HAVE ON CONGRESSIONAL APPROVAL.

3. VEINTIMILLA INDICATED THAT GOE WOULD PROBABLY TABLE THIS  
ISSUE DURING CONVERSATIONS THAT IT WOULD HAVE WITH CODELS  
WOLFF AND YATRON NEXT WEEK.

4. AS IF TO UNDERLINE VEINTIMILLA'S CONCERNS, QUITO'S LEADING  
DAILY EL COMERCIO--WHICH SERVES AS A FONOFF SOUNDING BORAD,  
PRINTED AN EDITORIAL THE NEXT DAY QUESTIONING THE ATTENDANCE  
OF THE BOGOTA SUMMIT ON THE CANAL, COMPLAINING THAT ECUADOR,  
PERU AND CHILE, WHICH HAVE THE MOST AT STAKE, WERE BEING EX-  
CLUDED. BLAMING LOPEZ AND TORRIJOS FOR THE EXCLUSION OF THE  
PACIFIC COUNTRIES, THE PAPER CHARACTERIZED IT AS INCOMPREHEN-  
SIBLE.  
BLOOMFIELD

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** GOVERNMENT REACTIONS, NEGOTIATIONS, CANALS, LEVIES, FOREIGN TRADE  
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**Copy:** SINGLE  
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**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Reference:** 77 STATE 178801  
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**Status:** NATIVE  
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**TAGS:** PBOR, EWWT, ETRD, PN, EC  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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